

POSTAL RATE COMMISSION**[Docket No. N2006-1; Order No. 1454]****Postal Service Network Realignment****AGENCY:** Postal Rate Commission.**ACTION:** Order.

SUMMARY: This document announces the appointment of an officer to represent the interests of the general public in a pending case. This appointment fulfills a statutory requirement.

ADDRESSES: Submit documents electronically via the Commission's Filing Online system at <http://www.prc.gov>.

FOR FURTHER INFORMATION CONTACT:

Stephen L. Sharfman, general counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:**Regulatory History**

Postal Service Network Realignment Order, 71 FR 9613 (February 24, 2006).

In initiating this proceeding in Order No. 1453, the Commission stated that it would issue a subsequent order designating an individual to fulfill the requirement of section 3661(c) of title 39 that an "officer of the Commission who shall be required to represent the interests of the general public" participate in this case.¹

The Commission hereby designates Ms. April Boston, who currently serves as Special Assistant to Commissioner Tony Hammond, to represent the interests of the general public in this proceeding. The Office of the Consumer Advocate is directed to provide litigation and staff support to Ms. Boston in fulfilling her duties under this order. Pursuant to this designation, Ms. Boston will direct the activities of Commission personnel assigned to assist her and, upon request, will supply their names for the record.

Neither Ms. Boston nor any of the assigned personnel will participate in or provide advice on any Commission decision in this proceeding. Additionally, Ms. Boston will not advise the Commission in other matters currently pending, or in any proceedings that may be subsequently initiated, for the duration of this assignment.

Ordering Paragraphs

It is ordered:

1. April Boston, Special Assistant to Commissioner Tony Hammond, is designated to represent the interests of the general public in this proceeding.

2. The Office of the Consumer Advocate is directed to provide litigation and staff support to Ms. Boston in fulfilling her duties under this order.

3. The Secretary shall cause this order to be published in the **Federal Register**.

Issued: March 1, 2006.

By the Commission.

Steven W. Williams,
Secretary.

[FR Doc. E6-3184 Filed 3-6-06; 8:45 am]

BILLING CODE 7710-FW-P

SECURITIES AND EXCHANGE COMMISSION**Submission for OMB Review; Comment Request**

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension:

Rule 2a-7; SEC File No. 270-258; OMB Control No. 3235-0268.

Notice is hereby given that under the Paperwork Reduction Act of 1995 ("PRA") [44 U.S.C. 3501], the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget requests for extension of the previously approved collection of information discussed below.

Rule 2a-7 [17 CFR 270.2a-7] under the Investment Company Act of 1940 [15 U.S.C. 80a] (the "Act") governs money market funds. Money market funds are open-end management investment companies that differ from other open-end management investment companies in that they seek to maintain a stable price per share, usually \$1.00. The rule exempts money market funds from the valuation requirements of the Act and, subject to certain risk-limiting conditions, permits money market funds to use the "amortized cost method" of asset valuation or the "penny-rounding method" of share pricing.

Rule 2a-7 imposes certain recordkeeping and reporting obligations on money market funds. The board of directors of a money market fund, in supervising the fund's operations, must establish written procedures designed to stabilize the fund's net asset value ("NAV"). The board also must adopt guidelines and procedures relating to certain responsibilities it delegates to the fund's adviser. These procedures and guidelines typically address various aspects of the fund's operations. The fund must maintain and preserve for six

years a written copy of both procedures and guidelines. The fund also must maintain and preserve for six years a written record of the board's considerations and actions taken in connection with the discharge of its responsibilities, to be included in the board's minutes. In addition, the fund must maintain and preserve for three years written records of certain credit risk analyses, evaluations with respect to securities subject to demand features or guarantees, and determinations with respect to adjustable rate securities and asset backed securities. If the board takes action with respect to defaulted securities, events of insolvency, or deviations in share price, the fund must file with the Commission an exhibit to Form N-SAR describing the nature and circumstances of the action. If any portfolio security fails to meet certain eligibility standards under the rule, the fund also must identify those securities in an exhibit to Form N-SAR. After certain events of default or insolvency relating to a portfolio security, the fund must notify the Commission of the event and the actions the fund intends to take in response to the situation.

The recordkeeping requirements in rule 2a-7 are designed to enable Commission staff in its examinations of money market funds to determine compliance with the rule, as well as to ensure that money market funds have established procedures for collecting the information necessary to make adequate credit reviews of securities in their portfolios. The reporting requirements of rule 2a-7 are intended to assist Commission staff in overseeing money market funds.

Commission staff estimates that each of 847¹ money market funds spends a total of approximately 1220 hours² of professional time (at \$76 per hour)³ to record credit risk analyses and determinations regarding adjustable rate securities, asset backed securities and securities subject to a demand feature or guarantee, for a total of approximately

¹ These include registered money market funds and series of registered funds. This estimate is based on information from Lipper Inc.'s Lana database as of September 30, 2005.

² This average is based on discussions with individuals at money market funds and their advisers. The actual number of burden hours may vary significantly depending on the type and number of portfolio securities held by individual funds.

³ The estimated hourly cost of professional time was based on the weighted average annual salaries reported for senior business analysts, floor managers and portfolio managers in New York City in Securities Industry Association, *Management and Professional Earnings in the Securities Industry* (2003) and Securities Industry Association, *Office Salaries in the Securities Industry* (2003) (collectively, the "SIA Salary Guides").

¹ Order No. 1453, February 17, 2006, at 3.

\$79 million. The staff further estimates that each of 24 new money market funds spends a total of 21 hours of director, legal, and support staff time at a total cost of approximately \$126,216 to adopt procedures designed to stabilize the fund's NAV and guidelines regarding the delegation of certain responsibilities to the fund's adviser.⁴ The staff further estimates that on average each of 212 money market funds spends a total of 4.5 hours of director and legal time at a total cost of approximately \$916,370 to review and amend written procedures and guidelines each year.⁵ Finally, the staff estimates that one money market fund that experiences a change in certain eligibility standards for portfolio securities or an event of default or insolvency relating to portfolio securities spends a total of one and a half hours of professional legal time (at \$109.97 per hour) documenting board determinations and notifying the Commission regarding the event, for a total of \$165. Thus, the Commission estimates the total annual burden of the rule's information collection requirements are 1,034,800 hours at an annual cost of \$80 million.⁶

Based on these estimates, Commission staff estimates the total burden of the rule's paperwork requirements for money market funds to be 1,034,800 hours.⁷ This is an increase from the previous estimate of 480,830 hours. The

⁴ This estimate is based on information from iMoneyNet's database. During the past three years, an average of 24 new money market funds have been created annually. In calculating industry costs for complying with the information collection requirements of rule 2a-7, the Commission staff estimate that fund boards' hourly rate is \$2000 per hour. The estimated costs for professional and support staff time were based on the average annual salaries reported in the SIA Salary Guides. The estimated costs for legal time was based on the weighted average of associate general counsel salaries reported in the SIA Salary Guides and New York law firm attorney salaries (outside counsel) based on a survey conducted by the National Law Journal available at http://www.law.com/special/professionals/nlj/2002/firm_by_firm_sampling_of_billing_rates_nationwide.shtml.

⁵ For PRA purposes we assumed that on average 25% of money market funds would review and update their procedures on an annual basis.

⁶ A significant portion of the recordkeeping burden involves organizing information that the funds already collect when initially purchasing securities. In addition, when a money market fund analyzes a security, the analysis need not be presented in any particular format. Money market funds therefore have a choice of methods for maintaining these records that vary in technical sophistication and formality (e.g., handwritten notes, computer disks, etc.). Accordingly, the cost of preparing these documents may vary significantly among individual funds. The burden hours associated with filing reports to the Commission as an exhibit to Form N-SAR are included in the PRA burden estimate for that form.

⁷ This estimate is based on the following calculation: $(847 \times 1220) + (1 \times 1.5) + (24 \times 21) + (212 \times 4.5) = 1,034,800$.

increase is attributable to updated information from money market funds regarding hourly burdens and the significant differences in burden hours reported by the funds selected at random to be surveyed in different submission years.

These estimates of burden hours are made solely for the purposes of the Paperwork Reduction Act. The estimates are not derived from a comprehensive or even a representative survey or study of Commission rules.

In addition to the burden hours, Commission staff estimates that money market funds will incur costs to preserve records required under rule 2a-7. These costs will vary significantly for individual funds, depending on the amount of assets under fund management and whether the fund preserves its records in a storage facility in hard copy or has developed and maintains a computer system to create and preserve compliance records.⁸ Commission staff estimates that the amount an individual fund may spend ranges from \$100 per year to \$300,000. Based on a cost of \$0.0000204 per dollar of assets under management for small fund, \$0.0000005 per dollar assets under management for medium funds, and \$0.0000046 per dollar of assets under management for large funds,⁹ the staff estimates compliance with rule 2a-7 costs the fund industry approximately \$7.6 million per year.¹⁰ Based on responses from individuals in the money market fund industry, the staff estimates that some of the largest fund complexes have created computer programs for maintaining and preserving compliance records for rule 2a-7. Based on a cost of \$0.0000231 per dollar of assets under management for large funds, the staff estimates that total annualized capital/startup costs range

⁸ The amount of assets under management in individual money market funds ranges from approximately \$400,000 to \$109 billion.

⁹ For purpose of this PRA submission, Commission staff used the following categories for fund sizes: (i) small—money market funds with \$50 million or less in assets under management, (ii) medium—money market funds with more than \$50 million up to and including \$1 billion in assets under management; and (iii) large—money market funds with more than \$1 billion in assets under management.

¹⁰ The staff estimated the annual cost of preserving the required books and records by identifying the annual costs incurred by several funds and then relating this total cost to the average net assets of these funds during the year. With a total of \$2.2 billion under management in small funds, \$174.1 billion under management in medium funds and \$1623.8 billion under management in large funds, the costs of preservation were estimated as follows: $(0.0000204 \times \$2.2 \text{ billion}) + (0.0000005 \times \$174.1) + (0.0000046 \times \$1623.8 \text{ billion}) = \7.6 million . See supra note 9 regarding sizes of large, medium, and small funds.

from \$0 for small funds to \$37.5 million for all large funds. Commission staff further estimates that, even absent the requirements of rule 2a-7, money market funds would spend at least half of the amount for capital costs (\$19 million) and for record preservation (\$3.8 million) to establish and maintain these records and the systems for preserving them as a part of sound business practices to ensure diversification and minimal credit risk in a portfolio for a fund that seeks to maintain a stable price per share.

The collections of information required by rule 2a-7 are necessary to obtain the benefits described above. Notices to the Commission will not be kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

General comments regarding the above information should be directed to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503 or e-mail to: David_Rostker@omb.eop.gov; and (ii) R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

February 27, 2006.

Nancy M. Morris,
Secretary.

[FR Doc. E6-3160 Filed 3-6-06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

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Extension:

Form TH; OMB Control No. 3235-0425; SEC File No. 270-377.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget a request for extension of the previously